

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 93-215-C - ORDER NO. 93-760

AUGUST 23, 1993

IN RE: Application of Operator Service Company) ORDER
 for a Certificate of Public Convenience) APPROVING
 and Necessity.) CERTIFICATE

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Operator Service Company (OSC or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services in the State of South Carolina. OSC's Application was filed pursuant to S.C. Code Ann. §58-8-280 (Supp. 1992) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed OSC to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of OSC's Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. OSC complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. Petitions to Intervene were filed by Southern Bell Telephone and Telegraph

Company (Southern Bell)¹ and the South Carolina Department of Consumer Affairs (the Consumer Advocate).

A hearing was commenced on August 10, 1993, at 11:00 a.m., in the Commission's Hearing Room. The Honorable Henry G. Yonce, Chairman, presided. Frank R. Ellerbe, III, Esquire, appeared on behalf of OSC. Carl F. McIntosh, Esquire, represented the Consumer Advocate, and F. David Butler, General Counsel, represented the Commission Staff.

OSC presented the testimony of J. Kirk Smith, President of OSC, in support of its Application. Mr. Smith explained OSC's request for authority to provide interexchange telecommunications services in South Carolina as a non-facilities based reseller. Mr. Smith described the general structure of OSC and the Company's network and operations. Mr. Smith testified that OSC intends to provide operator-assisted resold telecommunications services and has plans to expand its services to offer "1+" direct dialed services in the future. Mr. Smith also stated that OSC planned to utilize the long distance facilities of MCI and WilTel. Mr. Smith further testified that OSC intends to offer its service primarily to hotels, hospitals, educational institutions, pay telephones and similar entities.

Mr. Smith further submitted OSC will provide an additional choice for consumers and that additional choices will promote

1. Southern Bell subsequently moved to withdraw its Intervention in this Docket and was allowed to withdraw its Intervention by Order No. 654, dated July 21, 1993.

competition thereby requiring service providers to improve service or lower costs resulting in better service for lower costs for South Carolina customers.

At the close of the hearing, the Consumer Advocate made a motion to reject the proposed three (3) minute minimum call duration period as proposed in OSC's tariff.

After full consideration of the applicable law, the Company's Application, and the evidence presented by OSC, the Consumer Advocate, and the Commission Staff, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. OSC is incorporated under the laws of the State of Texas, and is licensed to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. OSC operates as a non-facilities based reseller of interexchange services and wishes to do so in South Carolina.
3. OSC has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to OSC to provide intrastate service through the resale of operator-assisted telecommunications services, or any other services authorized for resale by tariffs of carriers approved by the Commission.
2. The Commission adopts a rate design for OSC for its

resale services which includes only maximum rate levels for each tariff charge. For intrastate interLATA "0+" collect and calling card calls, OSC may not impose a fixed operator service charge more than the intrastate charges then currently approved for AT&T Communications, and for the usage portion of the call, OSC may not charge more than the intrastate rates charged by AT&T Communications at the time such call is completed. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. OSC shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. OSC shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of OSC's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the

notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1992).

4. OSC shall file its tariff and an accompanying price list to reflect the Commission's findings within thirty (30) days of the date of this Order. The revised tariff shall include the maximum rate approved for AT&T. Further, the tariff shall be filed with the Commission in a loose-leaf binder.

5. OSC should be allowed to incorporate in its tariff a surcharge for operator-assisted and calling card calls not to exceed \$1.00 for calls originated at hotels and motels and at customer-owned pay telephones only if the property owners have not added a surcharge already. That is, the Company may not impose an additional surcharge to calls originating at hotels and motels and customer-owned pay telephones if such a surcharge has already been imposed by the property owners. If such a charge is applied, however, it should be paid in its entirety to the customer by OSC. Further, if the surcharge is applied, the user should be notified of imposition of the surcharge. This notification should be included in the information piece identifying the Company as the operator service provider for pay telephones and guest phones.

6. OSC is required to provide "tent" cards to hotels and motels for placement next to guest telephones identifying it as the provider of operator service for intrastate interLATA distance calls. OSC is required to brand all calls identifying itself as the carrier for the motel or hotel.

7. The Commission grants the motion of the Consumer

Advocate to reject the three (3) minute minimum call duration period proposed by OSC in its tariff. The Commission finds that such a minimum call duration period is not consistent with the Commission's requirement that the rates charged by OSC can not be higher than charges for AT&T at the time the call is made. Therefore, OSC shall revise its tariff to reflect a minimum billing increment of one (1) minute.

8. OSC is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

9. With regard to OSC's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if they so desire.

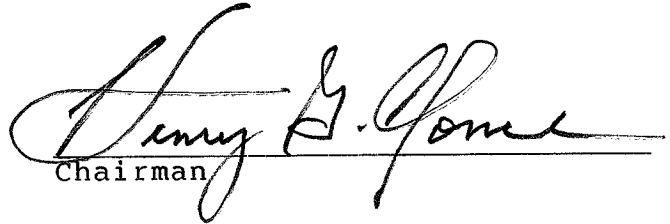
10. OSC shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If OSC changes underlying carriers, it shall notify the Commission in writing.

11. OSC shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

12. OSC shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

13. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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AUGUST 23, 1993
ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR RESELLERS OF TELECOMMUNICATION SERVICE

(1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS
ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.

(4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

(5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.

(6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL
AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).